FOR MYSORE STATE

Development (195) Department.

Hb. SERIES.

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G.O. No. 1158

Dated 22-3-50

[Despatch Abstract.]

Accounts – Appropriation Accounts – 1946-47 – Govt. Commercial Concerns – Note Financial Results etc for P.H. Committee – Copies – Delivered

DEVELOPMENT DEPARTMENT.

NOTE FOR THE PUBLIC ACCOUNTS COMMITTEE

(Appropriation Accounts for 1946-47 -Appendix - Pages 398-401).

Sub: Government Commercial concerns - Financial reviewww

Extract from the Report of the Public Accounts Committee on the accounts of 1932-33 -- Pages 22-23.-- Paragraph 36.

"On the report of the accounts for 1929-30 our predecessors made the following recommendations regarding the financial review of the Government Commercial concerns:—

(a) The audit must be expedited so that administration reports may be prepared on the audited figures if this is not already the practice;

(b) the administration reports should deal in sufficient fullness with the financial and business aspects, both present and prospective, of the various commercial concerns; and

(c) the administration reports, together with the Commercial Auditor's reports should be laid before the Public Accounts Committee simultaneously for consideration.

We agree with our predecessors that administration reports should be based on audited figures*.

NOTE BY THE DEVELOPMENT DEPARTMENT.

Copies of the administration reports of the Cinchona, Fisheries and and Industries Departments for the year 1946-47 and of the audit reports for 1946-47 of the following commercial concerns have already been furnished to the members of the Committee:—

(1) Audit report of the Cinchona Department;
(2) -do- Pearl and Chank Fisheries;
(3) -do- Fish-Curing Yards;
(4) -do- Kerala Soap Institute;
(5) -do- Industrial Engineering Workshops;
(6) -do- Government Oil Factory

The figures relating to these concerns in the administration reports of the Cinchona, Fisheries and Industries Departments are based on the audited figures of the Accountant-General.

FINANCIAL RESULTS AND OTHER POINTS OF IMPORTANCE RAISED IN THE AUDIT REPORTS.

Cinchona - The working of the Cinchona Department for the year 1946-47 resulted in a net profit of Rs.1,14,040-10-11 after paying a sum of Rs.1,00827-2-3 as interest on capital at charge of the concern. The percentage of net profit to the mean capital was 1.72 per cent.

The plantations have recorded a loss of the Cinchona plants are immature and only small quantities of bark are being gathered, compared with the heavy revenue charges in the form of overhead charges and interest on capital outlay. The loss does not represent any real loss but only an excess of expenditure over the receipts in the form of bark harvests which are small. The plantations will continue to record loss for a few years to come, that is, till the Cinchona trees grow to maturity.

With a view to ensure that the Cinchona Industry might flourish unhampered to the fullest extent to the financial advantage of the Government the Government have, at the suggestion of the Accountant

General, instructed the Director, Chinchona Department, to do effective propaganda for quinine and give vide publicity to its efficacy as the safest and best remedy for malaria both curative and preventive.

THE KERALA SOAP INSTITUTE.

The Kerala Soap Institute worked at a profit for the years 1944-45, 1945-46 and 1946-47 as shown below:--

Year	Output in tons.	Turnover tons.	Turnover value.	Net profit.	Percentage of profit to turnover.
(1)	(2)	(3)	(4) Rs.	(5) Rs.	(6)
1944-45	710	738	11,19,685	1,30,670	11.3
1945-46	676	641	10,55,196	34,955	3.3
1946-47	648	656	12,71,310	36,790	2.9

The decrease in the percentage of net profit during 1946-47 compared with the previous year, despite the increase in turnover, is due to the loss incurred in the sale of Washwell and Vegetol soaps as the selling prices fixed for these soaps were not adequate. The Director of Industries and Commerce had reported that the loss in the case of Vegetol Soaps was mainly due to some mistake in the posting of packing materials which ought to have gone for the milled toilet soaps. As regards the revision of selling prices, he had stated that the delay in giving effect to the revision made in January 1947 was due to the revision of the wages of workmen and the ministerial staff.

The percentage of net profit to mean capital is 13 per cent.

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The Government Oil Factory worked at a profit during the year 1944-45 and 1945-46 and worked at a loss during 1946-47 as shown below:--

Year.	Turnover	Profit(Plus) or Loss(Minus)	Percentage.
	Rs.	Rs.	
1944-45	3,10,793	plus 68,928	22
1945-46	2,30,693	plus 5,807	3
1946-47	1,72,593	minus 33,019	- 19 (Loss)

At the instance of the Accountant General, the Government have sanctioned the creation of a depreciation Reserve Fund for the Government Oil Factory as in the case of the Kerala Soap Institute.

INDUSTRIAL ENGINEERING WORKSHOPS.

The working of the Industrial Engineering Workshops, Madras, for the year 1946-47, resulted in a net profit of Rs.17,176 as against Rs.29,623 in the previous year. The fall in the profit is due to the following reasons:—

(1) Inclusion in the profit 1945-46 of arrears of dearness allowance on labour with centage thereon relating to 1944-45 recovered in 1945-46,

(2) increase under overheads,

(3) fall in miscellaneous receipts, and

(4) execution of a large number of pipe work orders and supply of raw materials for which low percentage of departmental charges were levied.

The percentage of net profit to turnover is 14.80 in 1946-47 as against 28.67 in 1945-46. The percentage of net profit to the mean capital during 1946-47 is 12.3 as against 20.3. in 1945-46.

PEARL AND CHANK FISHERIES.

(a) Pearl fisheries - No pearl fishery operation was carried out during this year also. The operations have been confined since February 1928 merely to the survey of pearl banks and scrutiny of the growth of pearl oyster. The receipts during the year amounted to Rs.3 being the sale-proceeds of empty pearl oyster shells. The receipts during the previous year amounted to Rs.24. The expenditure during the year amounted to Rs.28,526 as against Rs.21,628 in the previous year.

(b) Chank Fisheries: During the year the fisheries taken as a whole yielded a net profit of Rs.4,77,070 as against Rs.2,44,821 in the previous year. The large increase in profit was due to the increase in the sale price in the number of Tinnevelly chanks of 1945-46 season, acquired at low production cost, sold during the year.

Fish-curing yards:- The income and expenditure account of the Fish curing yards for the year ended 30th June 1947 showed a deficit of Rs. 1,27,309 as against Rs.1,50,980 in the previous year. The decrease in the deficit was mainly due to the reduction in the average purchase price of salt by about two annas per maund, the sale of a larger quanity of of salt to the curers during the year and a substantial reduction in the transport and incidental charges.

K.G. MENON 12.4.47

(True Copy)

Superintendent.

RB: 29-8.

K. Shankar 30/7/53

K.V. Andhijalakshmi 30.7.53

NOTE FILE

DEVELOPMENT DEPARTMENT.

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The note for the P.A. Committee on pp. 13-15 c.f. w.r.t. the instrudtion at 'M' on p. 1 above may be perused. It was placed before the Committee which met in December last - please see 'K' on pp. 14-15 of the Report of the Committee. No further action is necessary on this. The papers may be recorded for future reference. (Necessary extracts will be added to this file).

Sd/-xxx
22-3-50.

G.O.Ms.No.1158, dated 22-3-50.

Sub:- Accounts - Appropriation Accounts - 1946-47 - Govt. Commercial concerns - Note Financial results etc. for P.A. Committee - Papers-Recorded.

(True Copy)

Superintendent.

K. Shankar 30.7.53
K.U. Ambujalakshmi 30.7.